
R590. Insurance, Administration. (Effective 3-22-06)

R590-234. Single Risk Limitation.

R590-234-1. Authority.

This rule is promulgated by the insurance commissioner pursuant to Subsection 31A-2-201(3) and 31A-20-108(2)(b).

R590-234-2. Purpose and Scope.

(1) The purpose of this rule is to set forth procedures necessary to determine compliance with 31A-20-108, in cases where unlimited insurance policies are issued.

(2) This rule applies to all entities that write unlimited insurance policies, except title, workers compensation, occupational disease, and employers' liability insurance policies.

R590-234-3. Definitions.

In addition to the definitions of Section 31A-1-301, the following definitions shall apply for the purpose of this rule:

(1) "Unlimited Insurance Policy" means an insurance policy that does not specify a maximum limit for benefits to be paid under the policy.

(2) "Single risk" includes all losses reasonably expected as a result of the same event.

(3) "Single Risk Limitation" is 10% of capital and surplus, as prescribed by 31A-20-108(2).

R590-234-4. Calculation of Single Risk Limitation for Unlimited Insurance Policies

In cases where unlimited insurance policies are issued, the insurer shall use \$2,000,000 as the maximum potential risk, for purposes of determining compliance with the single risk limitation.

R590-234-5. Enforcement Date.

The commissioner will begin enforcing the provisions of this rule 45 days from the rule's effective date.

R590-234-6. Severability.

If any provision of this rule or the application of it to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of the provision to other persons or circumstances may not be affected by it.

KEY: Single Risk Limitation

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31A-2-201

31A-20-108

[\[Back to Top\]](#)